

)	
In re)	
)	Chapter 11
ARMSTRONG WORLD INDUSTRIES, INC.,)	Case No. 00-4471 (JKF)
<i>et al.</i> ,)	
)	(Jointly Administered)
Debtors.)	
)	

WHEREAS Armstrong World Industries, Inc. ("AWI"), as a debtor and debtor in possession in the above-captioned chapter 11 cases, and the United States of America on behalf of the United States Environmental Protection Agency ("EPA") have executed a Settlement Agreement dated January 25, 2005 (the "EPA Settlement"), to resolve certain disputes relating to environmental matters as provided in the EPA Settlement; and

WHEREAS AWI and EPA jointly moved (the “Motion”) for an order: (i) approving and authorizing the EPA Settlement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure; and (ii) approving the assumption of the Malvern Consent Decree Agreements (as defined in the EPA Settlement) pursuant to section 365 of title 11 of the United States Code; and

WHEREAS during various time periods prior to 1975, Travelers Casualty and Surety Company (formerly known as The Aetna Casualty & Surety Company) and The Travelers Indemnity Co. (collectively, "Travelers") issued certain insurance policies (the "Policies") to Armstrong World Industries, Inc. ("AWI"); and

WHEREAS on or about May 20, 1998, Travelers and AWI entered into a settlement agreement that resolved certain disputes that had arisen between Travelers and AWI regarding coverage under the Policies (the “1998 Agreement”); and

WHEREAS on April 29, 2005, Travelers filed an objection to the Motion on various grounds; and

WHEREAS AWI, EPA, and Travelers believe that it is in their mutual interests to reach an amicable resolution with respect to disputes between them regarding the EPA Settlement; and

WHEREAS EPA acknowledges that it has not been assigned any right to make a claim against Travelers as an insurer of AWI with respect to the Peterson/Puritan

Site;

IT IS HEREBY AGREED, by and between AWI, EPA and Travelers as follows:

1. Notwithstanding anything to the contrary in the Motion or the EPA Settlement, or any order granting the Motion or approving the EPA Settlement, AWI will not seek to recover any insurance proceeds from Travelers on account of the Peterson/Puritan Site.

2. Notwithstanding anything to the contrary in the Motion or the EPA Settlement, or any order granting the Motion or approving the EPA Settlement, AWI represents that it has not assigned its claims against Travelers with respect to the Peterson/Puritan Site to EPA or any other third party, is the sole owner of all such claims, is receiving good and valuable and sufficient consideration for releasing such claims, and releases Travelers from any such claims.

3. EPA acknowledges that it has not been assigned any right to make a claim against Travelers as an insurer of AWI with respect to the Peterson/Puritan Site.

4. AWI reserves the right to seek insurance proceeds from Travelers on account of Liquidated Sites except the Peterson/Puritan Site, subject to any defenses which Travelers may have under the Policies or the 1998 Agreement, all of which are hereby preserved and this Stipulation shall not be deemed to be a waiver or impairment of any of those defenses.

5. Within ten (10) days of approval of this Stipulation by the Bankruptcy Court (the "Bankruptcy Court Order") or, if the Bankruptcy Court Order is appealed, upon final order of any appellate court approving this Stipulation, Travelers agrees to withdraw the Objection and to refrain from asserting any further objections to the Motion or the EPA Settlement, provided, however, that if the Motion or EPA Settlement are amended or modified such that Travelers rights are or may be affected, then Travelers shall have the right to file objections to any such amendment or modification.

6. AWI shall seek approval of this Stipulation upon proper notice of such motion being delivered to all interested parties.

7. This Stipulation shall be rendered void upon: (i) the failure of the Bankruptcy Court to approve this Stipulation or to enter the proposed order attached hereto or an order in substantially similar form which does not adversely affect Travelers rights; (ii) the failure of the Bankruptcy Court to approve the EPA Settlement; or (iii) the issuance of an order by any court, which order is not subject to any further appeal, that has the effect of denying approval of this Stipulation or the EPA Settlement.

8. This Stipulation may be executed in counterparts, each of which

will be deemed an original, but all of which together will constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies or facsimiles signed by the Parties hereto.

Agreed as of the ___ day of September, 2005:

Armstrong World Industries, Inc.

By: David B. Hird

Name: David B. Hird

Title: Attorney

Travelers Casualty and Surety Company
The Travelers Indemnity Company

By: _____

Name: _____

Title: _____

United States of America on behalf of the
United States Environmental Protection
Agency

By: _____

Name: _____

Title: _____

will be deemed an original, but all of which together will constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies or facsimiles signed by the Parties hereto.

Agreed as of the 12th day of September, 2005:

Armstrong World Industries, Inc.

By: _____

Name: _____

Title: _____

United States of America on behalf of the
United States Environmental Protection
Agency

By: _____

Name: _____

Title: _____

Travelers Casualty and Surety Company
The Travelers Indemnity Company

By: Elisa Alcades

Name: Elisa Alcades

Title: Attorney

will be deemed an original, but all of which together will constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies or facsimiles signed by the Parties hereto.

Agreed as of the ___ day of September, 2005:

Armstrong World Industries, Inc.

By: _____

Name: _____

Title: _____

Travelers Casualty and Surety Company
The Travelers Indemnity Company

By: _____

Name: _____

Title: _____

United States of America on behalf of the
United States Environmental Protection
Agency

By: David E. Street

Name: David E. Street

Title: Senior Attorney

In re

Chapter 11
Case No. 00-4471 (JKF)
(Jointly Administered)
Re: Docket No. _____
Re: Agenda Item No. 4

APPROVAL ORDER

UPON the Motion and Stipulation Resolving Objection To EPA Settlement (the “Stipulation”) executed by Armstrong World Industries, Inc. (“AWI”), as a debtor and debtor in possession in the above-captioned chapter 11 cases, the United States Environmental Protection Agency (“EPA”) and Travelers Casualty and Surety Company (formerly known as The Aetna Casualty & Surety Company) and The Travelers Indemnity Company (collectively, “Travelers”); and notice of the Motion and Stipulation having been properly provided to all interested parties; and whereas in the Stipulation, AWI represents, *inter alia*, that it has not assigned its claims against Travelers with respect to the Peterson/Puritan Site to EPA or any other third party, and is the sole owner of all such claims, and EPA acknowledges that it has not been assigned any right to make a claim against Travelers as an insurer of AWI with respect to the Peterson/Puritan Site; and good cause appearing therefore, it is hereby:


ORDERED that the Stipulation is approved.

Honorable Judith K. Fitzgerald
United States Bankruptcy Judge
Case No. 00-4471 (JKF)

Date: _____

CERTIFICATE OF SERVICE

I, Rebecca L. Booth, hereby certify that on the 12th day of September, 2005, I caused copies of the foregoing **Stipulation Resolving Objection to EPA Settlement Agreement** to be served upon the Core Group (local) via hand delivery, Core Group (non-local) via first class mail, All Notices List (local) via hand delivery, All Notices List (non-local) via first class mail and upon the Special Service as indicated on the attached list:


Rebecca L. Booth (No. 4031)

ARMSTRONG WORLD INDUSTRIES, INC.
CASE NO. 00-4471
SPECIAL SERVICE LIST

Via First Class Mail

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